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FOREWORD

On behalf of the International Trade Centre UNCTAD / WTO (ITC), I am pleased to submit to ITC's parent bodies and other stakeholders ITC's annual report for the year 1996. The report situates the efforts of ITC in the context of the changing international trade environment and presents an analytical review of its substantive activities and achievements during the period. It gives an overview of technical cooperation by region as well as selected illustrations of field activities. Finally, the report summarizes ITC activities on issues of common concern to the international community, cooperation with parent bodies and other international organizations and progress made in the ongoing ITC refocusing exercise.

Highlights of 1996

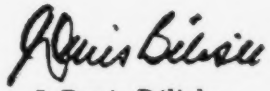
Promising achievements under the Global Trust Fund (GTF) during its first full year of operation are among the major accomplishments of 1996. The open dialogue with, and constructive guidance received from, the members of the GTF Consultative Committee enhanced the developmental value of programmes and added transparency to ITC operations. A full review of GTF activities is presented in document ITC / AG(XXX) / 162. The development of an entirely new and forward-looking strategy on human resource development (HRD) is another highlight of the year. The strategy concentrates on the common and priority HRD requirements of small and medium-sized enterprises (SMEs) with export potential.

The increased use of the Internet and the development of cost-effective generic tools to be customized on a country basis to facilitate the participation of developing and transition economies in international trade are among ITC's salient achievements in 1996. Particularly significant are the ITC virtual exhibition concept; several innovative guides and diagnostic tools addressing the special needs of SMEs; new trade information tools using appropriate technologies; and the conceptualization of universal management tools, learning programmes and consultancy aids in international purchasing and supply management.

As regards the management of ITC, major accomplishments include the introduction of the redefined organizational structure and the redeployment of staff; the initiation of operations of the Corporate Strategy and Quality Assurance Section; the implementation of a new budgeting cycle and currency base; the secretariat's contribution to the definition of the respective roles of ITC, WTO and UNCTAD in technical assistance as well as the ITC contribution to the joint development of a fully integrated programme for selected African countries; and preliminary steps towards implementation of an annual operation plan, an annually rolling three-year medium-term plan and a computerized managerial information system leading to more transparency, both internally and vis-à-vis stakeholders.

Outlook for 1997

In 1997 special efforts will be devoted to the intensification of the dialogue with decision-makers responsible for trade promotion in ITC partner countries; the finalization and implementation of efficient planning and reporting tools; the final design and implementation of the staff Performance Appraisal System; the enhancement of joint technical assistance activities with WTO, UNCTAD and other organizations; the field testing and customization of the generic trade development tools created in 1996; the finalization of a strategy for ITC work in product and market development, trade in services and the Market News Service; and enhanced communications with all stakeholders.



J. Denis Bélisle
Executive Director

ITC AND THE INTERNATIONAL TRADE ENVIRONMENT

1. Throughout 1996, international trade occupied a central place in national and international policy agendas. At the national level, the debate on how to cope with increasing globalization pressures gathered further momentum and depth. This applied not only to developing and transition economies but also to the most successful trading nations. Growing international competition engendered a new sense of vulnerability and the opening of markets was experienced by some as a loss of national sovereignty over key economic variables. The common concern was: "How can my country, my industry, my enterprise compete against the rest of world?"

2. Faced with such critical issues, countries, particularly the weaker players in the international trading system, may decide to slow down liberalization, deregulation and privatization. These decisions may also be taken if the expected benefits of market opening are considered slow to materialize. Against this background, multilateral efforts to assist developing and transition economies to participate more successfully in international trade are essential. Such efforts are indispensable to safeguarding the international consensus on an open trading system.

3. Several international forums have focused on this point throughout 1996. UNCTAD IX in Midrand brought about a new commitment to assisting developing and transition economies in market-led integration into the international division of labour. The WTO Ministerial Conference in Singapore and its Declaration further strengthened the impetus for the implementation of the spirit of the Uruguay Round.

4. Many other gatherings, such as the G7 meeting in Lyon and the meeting of the Asia-Pacific Economic Cooperation forum (APEC) in Manila lent additional weight to the global effort to reduce tariff and other trade barriers in all sectors. Most countries have agreed to eliminate tariffs within their regional trading arrangements, and the contours of a world trading system without or with very limited tariff barriers – a kind of world free-trade zone – are emerging. A major challenge will be how to ensure for low-income countries a full share in the benefits of this process.

5. In this context, the multilateral organizations concerned with international trade have stepped up their efforts for closer and more effective cooperation. This has resulted in new initiatives, such as the ITC/UNCTAD/WTO integrated technical assistance programme in selected least developed and other African countries to follow up on the Uruguay Round. It has also yielded a better consensus on the division of responsibilities for technical cooperation among organizations. Trade promotion organizations from around the world gathered in Colombia in September 1996 and established a Permanent Conference of Trade Promotion Organizations which plans to meet every other year.

6. In quantitative terms, 1996 was another successful year for international trade, which rose by an estimated 5 % in both volume and value. The share of developing and transition economies as a group, as well as that of each of the five regions separately, is believed to have increased. Foreign direct investment (FDI) – the twin brother of trade – reached a new record, and FDI flows to developing countries were estimated at over US$ 150 billion in 1995. These flows compensated to a large extent for the general decline in official development assistance. However, as they were mostly directed to developing countries likely to provide high economic returns, they did not reach lesser developed regions.

7. These factors have created an environment highly receptive to the services ITC is mandated to deliver. There is significant and increasing interest in designing and implementing more effective trade promotion programmes which are closely interlinked with the more fundamental development strategies, and demand for ITC's six core services has developed dynamically over the year and is expected to expand further in 1997.

MAIN AREAS OF SUPPORT

8. The Global Trust Fund has allowed ITC to continue the strategy and programme development work initiated in 1995 with the aid of the Swiss-financed Programme Development Fund. The focus of ITC's efforts in an increasingly liberalizing world economy was principally on helping to improve the international competitiveness of enterprises, particularly SMEs; ensuring market transparency for products of interest to developing countries; the generic promotion of commodities; and helping governments to strengthen the formulation of trade promotion strategies and programmes. Technical assistance in the form of advice, information and training was provided in areas directly related to ITC's areas of specialization.

9. In 1996, ITC began to elaborate a new technical assistance "product approach", bringing together its applied research and development work and its national and subregional technical cooperation activities. Interdivisional teams of ITC experts, together with consultants and business representatives from developing countries, initiated the development of generic technical assistance "products" of practical use to exporters/importers and designed to be adapted to local conditions. These "products" are being developed interactively with national projects in Africa and Latin America, where they will be adapted and tested before widespread use. Aimed at building a more effective service capacity in national multiplier institutions, and based on the common needs of ITC's client countries, the "product approach" was conceived to build a uniformly high standard into ITC's technical inputs and to reduce lead time and the costs of delivery at the national level.

10. In the area of trade efficiency, in close cooperation with, and in support of, the UNCTAD Global Trade Point Network, ITC developed new trade information tools, methods and standards, using the latest information technology. Its work focused on building the necessary capacities in the recipient countries, as well as on the provision of direct information, notably through its Market News Service (MNS).

11. Based on ITC's *Business Guide to the Uruguay Round* and additional technical and country-specific materials, ITC carried out 60 information dissemination events in 45 countries on the practical implications of the Uruguay Round agreements. These events were closely coordinated with, and benefited from the participation of, WTO. They also aimed at facilitating identification of national technical cooperation needs. Several events were carried out under the ITC/UNCTAD/WTO Integrated Programme for Africa.

Product and market development (PMD)

12. In 1996, ITC's activities in this subprogramme and core service concentrated on: strengthening cooperation with international commodity bodies (ICBs) for commodity promotion projects, often with financing from the Common Fund for Commodities (CFC); development of new tools for product promotion purposes; and contribution to the programme on the follow-up to the Uruguay Round.

13. In addition, regular PMD activities continued. These included direct assistance to export enterprises within ITC's field projects and the provision of market intelligence through the MNS. ITC participated in product-oriented international events, sharing its product knowledge with other national and international bodies for the benefit of developing countries.

14. The ITC PMD activities, including MNS, were the subject of an external evaluation in the last months of 1996. The findings and recommendations of the evaluation and their implications for planning will be submitted to the 1997 technical meeting and further reviewed during the 1998 JAG session.

15. A description of main activities follows.

Cooperation with international commodity bodies and the Common Fund for Commodities

16. In 1996 ITC continued the generic promotion of commodities and expanded its cooperation with a number of ICBs eligible for funding from the Common Fund.

17. An important project (US$ 1.4 million) for the development of *gourmet coffee* was approved and signed with the International Coffee Organization. The pilot countries for the project are Burundi, Brazil, Ethiopia, Papua New Guinea and Uganda.

18. On behalf of the International Jute Organization, ITC designed and implemented in Japan a project for the promotion of *traditional and non-traditional jute products*. Under a project for the promotion of jute products in Europe, ITC organized a jute promotion stand at the DOMOTEX International Fair in Hannover for such goods as jute yarn, carpet

backing cloth, geotextiles and fabrics for upholstery and furnishing. Abut 800 specialists visited the ITC stand. During the year, ITC distributed 300,000 jute promotional labels with their "green" logos. With funding from the Common Fund, ITC undertook product development and adaptation for hard-fibre products such as *rubberized coir and pith* for India and Sri Lanka.

19. At the request of the International Rubber Study Group, ITC presented a paper at the International Rubber Forum on the rapidly emerging markets for *rubber goods* and continued its support for the promotion of South-South trade in natural rubber products. An ITC paper on market prospects for *fruit juices* in non-traditional markets was presented at the Eleventh Session of the Intergovernmental Group on Citrus Fruit in April.

20. During the FAO International Consultation on Tropical Fruit, many delegates requested the creation of an intergovernmental group for these products. The establishment of an independent network for *tropical fruit* under FAO auspices was also agreed. In both set-ups, ITC will have to play an important role on specific trade aspects.

21. ITC has acted as the interim secretariat of the International Spice Group and sponsored, together with the Commonwealth Secretariat, the Group's Fourth Meeting in Colombo. Follow-up activities to the meeting have been initiated to obtain the designation of the Group as an international commodity body eligible for financing from the Common Fund. As of end 1996, 11 producing and consuming countries have indicated their intention to participate in such a body.

Development of new tools for product promotion purposes

22. The latest telecommunications and visual technologies have been used in the design of new tools for the promotion of products from developing countries. ITC has already taken advantage of the Internet and launched in 1996 a *virtual exhibition* for artisanal products, a product group of interest particularly to low-income and least developed countries (LDCs).

23. As part of activities leading to product-awareness creation, ITC used the Internet and developed, in collaboration with the Japan Jute Products Import Council, a *jute home page*, mainly for the Japanese market and covering the production, processing and uses of jute and jute products. ITC has also produced a *promotional video* on jute in collaboration with the United Nations Development Programme (UNDP). The objective is to present this product as environmentally friendly and technically sound. Dissemination through appropriate media worldwide is being sought. About 200 videos in English, French and Spanish have already been distributed to television media.

Contribution to the programme on the follow-up to the Uruguay Round

24. In response to the needs of developing countries for assistance on the Uruguay Round agreements, ITC organized a series of product-oriented seminars providing information on the direct implications of these agreements for the business sector. Workshops on the Agreement on *Textiles and Clothing* were carried out in Jamaica, Pakistan, Poland, South Africa, Thailand, the United Republic of Tanzania and Zimbabwe for more than 300 industry leaders. Individual consultations followed the workshops. To explain the implications of the Uruguay Round agreements for the *spice trade*, similar workshops were held in Sri Lanka, Thailand, Viet Nam (in Hanoi and Ho Chi Minh City) and at the PEPPERTECH meeting in Malaysia. A study entitled *The Global Spice Trade and the Uruguay Round Agreements* was prepared and published jointly with the Commonwealth Secretariat. ITC product specialists also participated in dissemination workshops on the *Business Guide to the Uruguay Round* in a number of countries. A number of related product-specific technical papers have been produced or are under preparation.

Regular product and market development activities

25. ITC continued to provide information on a weekly, quarterly and monthly basis through its Market News Service to exporters in developing countries on selected products and product groups, thus contributing to greater market transparency and improved decision-making. A growing part of this service is provided through regular budget funds and Window I of the GTF.

26. Work continued on the dissemination of ITC's *Coffee: An Exporter's Guide*, a tool for more efficient trading aimed at the new generation of coffee exporters who have replaced the old marketing boards in many countries. A supplement to this publication was published in 1996, and related seminars were organized in Bolivia, Ethiopia, Peru, Uganda and Zambia for a total of about 350 participants.

27. Work continued for the benefit of exporters of *edible nuts*. A market study covering three important European import markets was updated and a paper on quality-control issues affecting the export of edible nuts and particularly on how to prevent aflatoxin infestation was finalized.

An independent evaluation of the ITC project "Global Development of the Rubberwood Industry" concluded in 1996 that in India, the project had been largely instrumental in changing product outputs: from low-valued packaging lumber to higher-valued furniture, flooring, broom handles, etc. It further noted that the project had triggered the first notable Indian exports of rubberwood. However, the evaluation also recognized that uncertain funding on a multi-year basis made consistent and forward planning impossible.

28. To ensure market transparency for exporters of developing countries, a survey of emerging Asian markets for *fruit juices* was published. Extensive market research took place in the European Union and the United States of America for *processed tropical fruit*.

29. At a meeting of 16 African countries in Nairobi, a proposal for an ITC-sponsored All-African *Leather* Fair was approved. Implementation is subject to receipt of donor funding.

30. ITC continued to provide technical assistance on *engineering products*. The project on the mass production and export of wheelchairs has successfully produced a prototype to the standards and low costs required, but lack of funding has prevented ITC from starting the planned international market development of this product which is expected to be manufactured in selected developing countries.

31. During 1996, ITC continued to enhance its knowledge of the market potential for *services* sectors other than technical consultancy. Work on its own strategy for the promotion of trade in services culminated in a brainstorming session held at ITC in November. Seventeen delegates from developing countries participated, together with experts from international organizations and the private sector. The draft strategy contains a work plan for the next three years and the first technical assistance activities are planned for early 1997.

Contribution to product-oriented international events

32. The product expertise available in ITC was in demand for various product-related international events. Contributions were made to an international seminar on cocoa in Venezuela; on the export marketing of fruit juices from developing countries at the European Fruit Juice Conference in Rotterdam; and the market opportunities in South Africa for food and beverages. ITC participated in two major international conferences on textiles, viz. the World Textile and Clothing Trade in Brussels and the Textile and Apparel Industry in Hong Kong.

33. ITC operated an information stand at the Bangkok International Gift and Houseware Trade Fair and took part in the inauguration of the International Centre for the Promotion of Crafts (CIPA) in Morocco. Finally, ITC participated in meetings of the council of the International Tropical Timber Organization (ITTO) and its technical committees in Manila and Yokohama.

During the ITC buyer-seller meeting on food and beverages, held in Johannesburg in June and which resulted in business transactions valued at US$ 47 million, a paper was presented on "Market Opportunities in South Africa for Food and Beverages". It is evident that the country is rapidly emerging as an interesting market and trading partner not only for neighbouring countries but also for other developing countries. Promising market opportunities exist for a range of food and beverages, including many of ITC's core products such as fruit and vegetables, edible nuts, spices, fish and fishery products, coffee, cocoa and tea. ITC and the South African Foreign Trade Organization (SAFTO) have initiated a market study to provide detailed information on prospects in the South African market and how to exploit them.

Trade support services

34. In pursuance of sustainable development through national capacity building, ITC's functional advisory services continued to evolve in order to implement an increasingly integrated strategy of cooperation. The strategy links ITC with national multiplier organizations in close and active partnerships, through a series of critically needed activities ranging from the identification of business promotion needs to the development, adaptation and effective delivery of trade support services at the national or regional levels. The strategy is grounded on field realities and has built-in elements contributing to programme ownership and interactive dynamism in order to keep pace with the rapidly evolving international trading system. Country-based capacity-building activities include the customization of ITC products to local needs, the training of trainers and business counsellors, pilot events to demonstrate the practical use of new tools and techniques, and strong networking to build synergy between the business sector and its support agencies.

Developing a strategic approach to trade promotion

35. ITC recognizes the critical need for a strategic approach combining macroeconomic policy and regulatory reforms with clear trade development objectives and operational guidelines, strong institutional support, effective promotional services, and adequate financial and human resources within a framework of cooperation between the public and private sectors. The ITC programme on institutional capacity-building is preparing a publication that will examine the core issues and strategic options available to developing and transitional countries, analyse the lessons of experience and provide guiding principles for decision-makers at various levels. Research has been initiated on the key elements of institutional capacity-building for trade promotion. Likewise, research has begun on ITC's technical cooperation strategy for reinforcing efforts at the country level with specialized technical assistance "products", thus helping to create sustainable local capacity. The resulting publications and studies will be widely disseminated to trade promotion agencies and organizations in developing countries for use as resource and training material in partnership with interested national multiplier institutions.

New initiatives for addressing the special needs of SMEs

36. The International Competitiveness Programme for Exporting SMEs (ICPS), financed under GTF Window II, was launched in February 1996. The reach and relevance of the programme to exporting SMEs were enlarged by adopting the technical assistance "product-and-network" approach and by integrating the activities of different sections of ITC, notably those dealing with trade support services, HRD, international procurement and supply management, and specific traded goods, in order to put together a comprehensive package of technical assistance "products".

37. ICPS has initiated the development of generic technical assistance "products" to address identified issues of common concern to exporting SMEs, accompanied, where necessary, by a process manual or guidelines for national partner agencies. The process manual sets out the step-by-step process for adapting and customizing the "product" to the specific needs of the country concerned. In developing these "products", consultations with representative developing country business interests, support agencies and potential partners were held at headquarters and in the field. The countries covered include Argentina, Bangladesh, Botswana, Brazil, Ghana, India, Jordan, Kenya, Lebanon, Lesotho, Malaysia, Namibia, the Philippines, Singapore, South Africa, Swaziland, Turkey, the United Republic of Tanzania, Venezuela and Zimbabwe.

38. The generic "products" currently under development include learning tools and systems, diagnostic tools and practical guides, in addition to operational research findings. A fuller report on ICPS can be found in document ITC/AG/(XXX)/162.

39. A number of national agencies were identified as suitable partners for the "product-and-network approach". Some of them are already contributing to "product" development and others have committed themselves to the national adaptation and dissemination of the generic material produced by ITC. They include trade training institutions, trade promotion organizations, business associations, specialized industry associations and private-sector business advisers from Africa, Asia, Latin America and the Middle East. Some examples are CIFARA in Argentina; IUBAT in Bangladesh; SEBRAE in Brazil; ACMA, CII and SIDBI in India; JEDCO in Jordan; KMAP in Kenya; NEPA and NAACAM in South Africa; and ZIMTRADE in Zimbabwe. Three practical guides developed under the programme (*Approaching Financial Institutions, Export Trading Houses* and *Trade Secrets: The Export Answer Book*) were offered to them for customization.

Trade Secrets – The Export Answer Book

A round table on trade secrets was held at ITC in December 1996 to consider this unique export business handbook, which will be tailor-made for individual developing countries. The customized version will identify and answer the 100 questions most frequently asked by exporting SMEs in the country concerned. Country editions will be prepared by ITC jointly with national partner organizations on the basis of the generic version and using the process manual for its adaptation. The round table was attended by potential partner agencies from Bangladesh, Brazil, Ghana, India, Jordan, Kenya, Lebanon, the Philippines, the United Republic of Tanzania and Zimbabwe. Its aim was to discuss the content and form of the book as well as the arrangements for the preparation of the national versions. This resulted in the finalization of arrangements for bringing out pilot editions in Brazil, India, Kenya, the Philippines and Zimbabwe.

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40. Two business development tools for SMEs were conceptualized and models on paper developed. These are the *Competitiveness Gauge*, a computer-based tool for the assessment and analysis of the competitive status of an industry sector; and the *Export Fitness Checker*, a diagnostic tool to assess export readiness at the company level. Offers have been invited for the development of the gauge, which will be installed on a pilot basis in Argentina, India and possibly South Africa, and extended to other countries after testing.

41. A survey of the usage of computer-based tools and aids by exporting SMEs was completed and the data analysed. The report, to be published in early 1997, will form the basis for new initiatives to enable SMEs, particularly those in LDCs, to benefit from advances in information technology. A web site was constructed under ITC's main home page (http://www.unicc.org/itc) for use by SMEs on a trial basis and plans for further improvement were finalized.

42. The new tools, guides and learning systems were essentially designed as instruments for the use of trained business managers and their support agencies in meeting the competitive challenges of the global market. They will be available either as high-tech applications or in conventional print form according to the needs of specific countries.

Strengthening export product quality and export packaging as key marketing tools

43. Increased competition, technological advances and growing consumer preference for better quality have led to more demanding quality requirements in the export market. ITC activities in the area of export quality management focused on the urgent need to strengthen the capacity of national standardization and quality control agencies for introducing international quality management systems such as ISO 9000. For this purpose two practical guides on ISO 9000 were prepared and made available to national institutions in over 120 developing and transition economies. The publications were also given, on request, to over 500 enterprises in developing countries.

44. While most institutions use ITC's ISO 9000 publications directly as training material for their assistance programmes for enterprises, those in India and Uruguay produced special editions and used these intensively in their training activities. In Egypt, one publication was translated into Arabic and used for training purposes at the national level. In addition, ITC organized training events in partnership with national standards bodies in Argentina, Kenya, Panama and Uruguay, and trained over 200 quality counsellors and business managers.

45. To enhance the capacity of national multiplier institutions to offer information to enterprises on the latest quality regulations in target markets, seven *Export Quality* bulletins were issued and disseminated to about 2,000 institutions and organizations. Information and advice were provided in response to 300 technical inquiries from organizations and institutions in developing countries.

46. Contributions in export packaging have concentrated on the health, safety and environmental aspects of packaging in the main target markets. Information on these subjects was prepared and circulated to ITC's packaging counterparts in almost 80 developing countries. Training events on environmental aspects of packaging were held in Colombia, India, Jamaica, Malawi and Zimbabwe. At these events, a total of over 200 businessmen were trained, and national experts took part so that they could subsequently contribute to a sustainable multiplier effect.

At the invitation of the Indian Institute of Packaging, ITC participated in a special meeting of the Indian Eco-packaging Committee, under an ITC project on safe and environmentally acceptable export packaging. Of the waste packaging in India, it was estimated that a significant proportion is already recycled by artisanal methods and the Committee's objectives are to improve the rate of recovery through better organization and improved processes.

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47. ITC published comprehensive manuals on furniture packaging and for trainers in food packaging, as well as 10 *Export Packaging Notes* and *Packdata Factsheets*, mostly on the environmental aspects of packaging. These were distributed to ITC's packaging mailing list of over 3,000 packaging-related institutions and users and producers of packaging in developing countries. Feedback from these bodies indicates that the publications are widely available and consulted in most trade libraries and information centres. In particular, the regularly updated ITC listings of packaging regulations and standards, and packaging exhibitions are used as standard reference works throughout the developing world.

48. Another major component of these activities has focused on the need for developing country WTO members to meet the requirements of the agreements on technical barriers to trade and on sanitary and phytosanitary measures. Dissemination and training workshops on their implications for exported products

and their packaging were conducted in cooperation with national standards bodies, packaging organizations, trade-related agencies and the business sectors in the following countries: Cameroon, India, Jamaica, Kenya, Malawi, Mali, Nicaragua, Senegal, Sri Lanka, Uganda, Viet Nam and Zambia.

Facilitating the access of SMEs to trade finance

49. The restrictive effect of collateral-based bank loans continues seriously to undermine the efforts of most SMEs to participate more widely in international trade. ITC's objective in the trade financing area is therefore to work with commercial banks and other relevant financial institutions to help them develop and introduce proven but innovative trade financing schemes, methods and techniques that effectively reduce for them the financial risks of default and facilitate the adoption of a business development approach to trade transactions. To create greater awareness of emerging options and strategies, ITC completed preparatory work for a publication on *Financing of Exports: A Guide for Developing and Transitional Economies*, which will be widely disseminated in training workshops in 1997.

50. Export finance surveys and diagnostic missions were carried out and recommendations submitted for strengthening trade finance mechanisms in Albania, Ethiopia, Eritrea, Hungary, Lesotho, Swaziland, the Syrian Arab Republic and the United Republic of Tanzania. A cooperation agreement on the exchange of information and technical expertise, and on joint activities is under negotiation with the African Export-Import Bank.

The improvement of export finance systems in transition economies was the theme of the first Consultative Meeting on Strengthening Export Finance Support in Central and Eastern Europe, held in Geneva under the joint sponsorship of UN-ECE and ITC. The meeting drew more than 90 directors and managers of export credit agencies, commercial banks, finance institutions and technical organizations. A number of priorities were identified, ranging from pre-financing and working capital schemes and guarantee facilities in some countries to institutional capacity-building in the whole region. Some of the ensuing recommendations are already being considered for implementation. The resulting proposals and schemes were tabled at the meeting of the UN-ECE Committee on the Development of Trade in December 1996 and follow-up is planned by a number of technical cooperation agencies.

Adjusting national legal frameworks to the new international trading system

51. A major concern in this area is the lack of information, textual references, legal expertise and the institutional capacity required to review the existing national situation and carry out the necessary policy and implementation measures to adjust to the new structure of laws, procedures and institutions created within the framework of the WTO Agreement, structural adjustment programmes, and the globalization of markets, products, finance and services.

52. ITC continued to offer critically needed information, legal texts, references, model provisions, expert analysis and training facilities. To keep the latest information and experience flowing among interested countries, an ITC JURIS data bank was linked to a JURIS network of national focal points in 85 developing and transition countries. JURIS has also been made accessible through the ITC home page on the Internet (http://www.unicc.org/itc). A comprehensive training manual dealing with export and import contracts, payments and transportation was published and made available to 100 chambers of commerce and other business organizations for use in their training and business counselling programmes. Dissemination and training workshops were organized in 11 developing countries and transition economies, and about 600 national experts and business managers were trained.

Trade information

53. In the trade information sector, ITC continued to focus on capacity-building activities to assist trade information centres in beneficiary countries in developing their services and networks. These face the following challenges:

- *Technological changes*. Information processing and communication methods have changed rapidly in recent years and developing countries need guidance in applying these new technologies, including LAN applications, the use of CD-ROMs and the Internet, in a cost-effective way.

- *Information sources and access methods*. While trade information on industrialized markets is abundant though often complex and expensive, information on the supply and demand situation in many developing and transition economies remains difficult to obtain.

- *Institutional changes*. Trade promotion and information services are evolving in many

countries where the private sector is taking on a more important role. The large investments and operational costs (particularly for telecommunications) required by these services call for close cooperation and networking arrangements with the public sector.

Advisory and training activities

54. Technical advisory missions were carried out in various countries. Missions related to Trade Efficiency and Trade Points took place in Argentina, Bolivia, Brazil, Chile, China, Indonesia, Latvia, Morocco, Zambia and Zimbabwe. Missions on the strengthening of trade information services went to Albania, Eritrea, Ethiopia, Lebanon, Sierra Leone, Sri Lanka and the Sudan.

55. Work with the following trade information networks was carried out to encourage further regional cooperation: the Inter-Arab Trade Information Network (IATIN), the Trade Information Network of the Economic and Social Commission for Asia and the Pacific (ESCAP/TINET), the Global Trade Point Network, and the network of the Common Market for Eastern and Southern Africa (COMESA). A feasibility study was initiated in relation to the development of a trade information network for the Commonwealth of Independent States (CIS). A special programme of data exchange for the promotion of artisanal products was launched.

56. Seventeen trainees from Albania, China, Eritrea, Indonesia, Mongolia, Sierra Leone and the Sudan participated in group training programmes in ITC.

Development of tools, methods and standards

57. The COMREG database format (for company registers) was revised and updated to conform with international codes and standards such as the ISO/United Nations country codes and the Harmonized System. A database management software was developed and tested in Indonesia, Latvia, Poland, Sri Lanka and Tunisia.

58. As part of the new series *Business Information for Trade Efficiency*, the following guides were prepared and disseminated: *How to Assess Users' Needs; Standards and Codes; COMREG (*database format for company registers); and *Strategic Plans*.

59. A number of Internet applications and prototypes were developed, including: a users' forum for information specialists, a bulletin board (accessible freely through Internet/Gopher and Worldwide Web), an index to selected Internet sources for market research (in cooperation with the Association for Information Management, ASLIB), and a virtual exhibition of selected artisanal products through two Internet servers, in cooperation with the International Telecommunications Union.

The virtual exhibition: a new way to promote export products from developing countries

Multimedia services are now available at low cost through the Internet and this facility is increasingly being used as a publicity media to promote products and services among a large number of consumers and traders in over 50 countries. As various developing countries do not have the capacity to develop such services, ITC has developed a prototype permanent exhibition accessible freely and widely through the Internet. Some 300 images and profiles of artisanal products have already been included in the virtual exhibition, in cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and some 80 partner organizations in developing countries. It has been conceived as a web site (http://www.unicc.org/itc/virtexib/vexhib1.htm) allowing the free interchange of information among users/partners. Since its creation in September 1996, the site has had 2,000 visitors, indicating a monthly growth rate of 30%.

Information management and dissemination

60. ITC supplied information facilitating marketing decisions, market access and the use of appropriate information sources. Its focus was on the needs of lower-income countries, particularly LDCs. The direct supply of information and marketing advice in response to specific requests continued to increase and over 2,500 inquiries were answered in 1996.

61. In spite of limited resources, the market brief programme continued to bridge specific information needs, those of LDCs in particular. Six briefs were prepared in consultation with cooperating import promotion agencies and international organizations. To transfer relevant experience to developing countries, a revised edition of the guide to the preparation of market briefs was published in 1996.

62. The 1996 edition of the *World Directory of Trade Promotion Organizations and Other Foreign Trade Bodies* was disseminated on hard copy and on diskette. Entries were examined to ensure that the database continues to help in the exchange of trade information and the establishment of trade contacts worldwide. Organizations in developing and transition economies

were authorized to reproduce this document for wider dissemination among enterprises.

63. The 1996 version of the PC-TAS CD-ROM, covering the foreign trade statistics of 60 countries, was disseminated to over 100 organizations. Feedback indicates substantial use of the data for market research, in developing exports and in diversifying imports. This CD-ROM was developed in cooperation with the United Nations Statistics Division.

64. The Trade Documentation Centre expanded its collection of publications and CD-ROMs and extended its database to over 4,800 references. Two new databases were launched to cover World Bank documents and library loans. The quarterly bulletin *International Trade Documentation* and the yearly *Directory of Published Market Research* were issued as in the past. About 5,350 new items were added to the Information Files System and the reference service answered 2,150 requests for information. The archives were reorganized to allow for more user-friendly access.

65. The MNS reports on timber were discontinued as this activity was taken over by ITTO. An evaluation of MNS services was carried out in end 1996, prior to the evaluation of PMD subprogramme. Findings and recommendations are expected in early 1997.

66. Through the GTF Window II, ITC actively supported the Business Information Services within UNCTAD's Special Programme on Trade Efficiency (SPTE). Activities concentrated on information management, tools and standards, the dissemination of MNS, data exchange and training.

Human resource development (HRD)

The new HRD strategy

67. In early 1996, following a management review of the recommendations made by an independent evaluator of the ITC HRD subprogramme, ITC embarked upon a comprehensive reformulation of its approach to HRD and training activities. A new strategy was developed with the assistance of a group of specialists from developing and developed countries, which met in Geneva in June to review ITC's preliminary proposals. The new HRD strategy and the evaluator's report were presented at the technical meeting held in Geneva in November. The meeting endorsed the evaluator's recommendations and agreed that ITC should proceed with the strategy on a pilot basis and report on its implementation at the next JAG.

68. ***The Global Competitiveness Curriculum***. The principal element of the new strategy involves the development and continuous refinement of the ITC Global Competitiveness Curriculum – a unique programme of applied training which concentrates on the common, priority HRD requirements of SMEs with export potential. Work began in late 1996 on the design of the Curriculum's five core modules. These modules will target the key knowledge and skill requirements of the owner-manager and focus on the management of the various phases of the export transaction, from organizing for export through to ensuring payment. With a view to accommodating the time pressures confronting the entrepreneur, these modules are being designed to combine face-to-face training with multiple-media open learning.

69. On the basis of technical consultations with training providers, trade support organizations and business representatives in Southern Africa, arrangements were made to test the prototype core Curriculum in the subregion under financing from ICPS and a trust fund donor. Representatives of UNCTAD and the International Labour Organization (ILO) participated in these consultations to maximize technical and institutional synergies among ICPS, UNCTAD's TRAINFORTRADE and ILO's Start and Improve Your Business programmes.

70. A subregional programme was concurrently developed in Costa Rica and Guatemala for the preparation of specialized marketing modules to support the Curriculum's five core modules. This approved project will start in early 1997. Preliminary work was also initiated on the preliminary design of specialized modules on trade finance, total quality management and joint venturing.

71. ***Trade Tutor Team-Building Programme***. A vital element of the new strategy is the Trade Tutor Team-Building Programme under which national capacities are developed to adapt the modules of the Curriculum to local business circumstances, to manage the presentation of the Curriculum, and to provide associated trade counselling support to participating enterprises. Following the November technical meeting, an action plan was drawn up for a pilot programme in Southern Africa during 1997/98. Partner relationships were established with eight SME support organizations in the subregion which will assume the lead role in coordinating the development of national trade tutor teams. Thirty prospective trade tutors were selected to undergo comprehensive professional development and to participate in the development and testing of the Southern African version of the Curriculum.

72. ***Training Materials Development and Exchange Centre***. The first steps in establishing ITC's Training Materials Development and Exchange Centre (TMDEC) were taken in the latter part of 1996.

TMDEC will disseminate, on an on-line basis, training materials designed specifically to support and enrich the trade-related services of HRD institutions and SME support organizations in developing and transition economies. These materials will include case studies, articles, conference papers, lecture notes and training aids and will be developed by ITC, collaborating HRD organizations and trade tutors participating in the materials exchange programme. In 1996, ITC incorporated into the TMDEC database a self-learning software package on export-oriented joint ventures and a collection of cases in international marketing which was published jointly with the Export Promotion Bureau of Bangladesh.

73. ***Direct training***. While the new HRD strategy de-emphasizes ITC's direct involvement in field-based training activities, research initiated in 1996 led to the identification of a number of critical issues relating to the design and management of national export expansion strategies. ITC proposes that these issues should be reviewed and debated under an thematic programme to be held annually in Geneva for senior public-sector executives.

Project design and implementation

74. Early in the year, ITC carried out an extensive training and consultancy needs and capacity analysis in the United Republic of Tanzania. The mission report provided the basis for the development of the HRD component of a large integrated programme of technical cooperation which is scheduled to begin in that country in 1997. Design activities were also completed for new subregional HRD initiatives in Central America (El Salvador, Honduras and Nicaragua) and East Africa (Ethiopia, Kenya and Uganda). Both projects, which incorporate elements of the new HRD strategy, are scheduled for implementation beginning early 1997.

75. During the year, ITC cooperated actively with United Nations and bilateral organizations concerned with trade-related HRD. On three occasions, ITC arranged brief seminars for participants in the WTO Trade Policy Courses from English and Spanish-speaking countries, and from Eastern and Central European and Central Asian countries. Seminars on international market research and trade information were held in Geneva and Bangkok for researchers and trade officials from the Democratic People's Republic of Korea. The Bangkok-based seminar was implemented in cooperation with ESCAP.

76. ITC contributed expertise to a trainers' workshop sponsored by PRODEC (the Programme for Development Cooperation of the Helsinki School of Economics) in Viet Nam and to an international marketing course in Eritrea. ITC specialists also participated in specialized workshops for trainers sponsored by the International Labour Organization (ILO) in Turin and organized by COMESA in Lusaka. A workshop for women entrepreneurs on enterprise management was held in Freetown in cooperation with the EMPRETEC Ghana Foundation.

Under a national UNDP-funded project, ITC played a pivotal role in the creation of the Sierra Leone Trade and Investment School, managed by the Institute of Public Administration and Management and sponsored by the Sierra Leone Export Development and Investment Corporation. Following a preparatory phase consisting of a needs and capacity analysis, training the trainers and business practitioners in learning techniques and curriculum development, the School offered two seminars in "Getting Started in Export". It is expected that the School will reach sustainability within a short time, relying on local expertise and course fees.

Uruguay Round follow-up

77. As reflected in the report of the Consultative Committee on the ITC Global Trust Fund, ITC training specialists centrally coordinated the conduct of ITC's Special Programme on Follow-Up to the Uruguay Round financed by the Global Trust Fund.

International purchasing and supply management (IPSM)

Strategic approach

78. ITC's long-term objective in IPSM is to assist developing and transition countries to manage their purchasing and supply operations for imported goods and services as cost effectively as possible. In 1996, the IPSM programme focused largely on incorporating ITC's new strategic priorities and approaches into its ongoing activities and into a framework for its work programme under the next three-year medium-term plan. The new approach aims primarily at developing a set of universal tools and related services needed to build and to operate national capacities for providing IPSM training, consultancy support and information to the business community. This more integrated approach will significantly enhance the response time and cost effectiveness of ITC assistance in IPSM. Some of the main actions taken during the year are described below.

Diagnostic tools and modular learning programme

79. IPSM diagnostic tools were conceptualized and mapped out jointly with the United Kingdom's Chartered Institute of Purchasing and Supply (CIPS) and are now ready to be fully developed in partnership with CIPS. These tools will assess capacities and diagnose problems in the IPSM process in individual importing enterprises and organizations, and identify gaps in the IPSM knowledge and skills of their staff. Separate versions of the diagnostic tools will focus on the needs of SMEs and public-sector procurement agencies. Collective requirements diagnosed in this manner will allow ITC and local multiplier organizations to design highly specific technical assistance programmes aimed at meeting needs through training, consultancy and information support, and also later to measure the effectiveness of these programmes.

80. When it is completed in mid 1997, this learning programme will constitute the cornerstone of all future ITC efforts to build up IPSM training capacities in its partner countries, and will thus become an integral component of its IPSM and HRD strategies. It will be used for implementing either group-based training or individual open learning, and will include optional information technology support. The modular IPSM learning programme will gradually integrate the full range of ITC's numerous IPSM technical materials developed to date (practical guides, handbooks, videos, exercises, case studies and computer-based simulations). It is also designed to expand in the future to incorporate new module elements as and when these are needed and developed.

Information "products"

81. ITC initiated the development of selected IPSM databases and related information "products". These will serve to disseminate (including through the Internet) IPSM-related functional information to multiplier service organizations and to importing enterprises and organizations. The functional information covered will initially encompass IPSM training opportunities, preshipment testing and inspection services, and bibliographic reviews of key IPSM literature relevant to importers in developing countries and economies in transition.

Purchasing and supply management associations (PSMAs)

82. On the institutional side, special "products" were developed and direct support provided to establish, strengthen, and foster networking among, national PSMAs. ITC believes that these institutions can play a key role in efforts at the national level to upgrade the competencies, recognition and effectiveness of professionals responsible for managing purchasing and supply operations. During 1996, ITC produced a handbook on the establishment and operation of PSMAs. In collaboration with the International Federation of Purchasing and Materials Management (IFPMM), it began the development of a worldwide PSMA directory as a vehicle for disseminating relevant experiences. Direct assistance was provided to PSMAs in Tunisia, Uganda and the United Republic of Tanzania, mainly through national projects.

ITC's import project in Uganda has led to the establishment of the country's Purchasing and Logistics Management Association (PALMA) which now runs its own IPSM training programmes and is building up a team of local consultants to help importing enterprises. This effort is backed by a Buying Guide for Ugandan Importers, which takes account of local purchasing conditions, particularly the country's landlocked status. PALMA is now implementing a fee-based cost-recovery approach for its various services in order to ensure their sustainability. It will also build up its links with similar associations in Kenya and the United Republic of Tanzania, and is looking into the possibility of spearheading the establishment of a federation of purchasing associations in selected African countries.

SMEs and public procurement policy-making institutions

83. High priority continues to be given to improving private-sector IPSM, particularly in SMEs importing inputs for export production. ITC projects in Cape Verde, Uganda and in the South Pacific paid particular attention to the needs of the private sector.

84. ITC substantially increased its support to national public procurement policy-making institutions. This assistance is being provided through various projects, and usually involves the development of national procurement guidelines, standard procurement documents and other elements of the procurement system, aimed at enhancing the implementation of new national procurement legislation. Training of public procurement staff in the application of these guidelines and documents is often a key component of these projects, several of which are being financed through World Bank grants to the countries concerned (Albania, Kyrgyzstan, Slovakia

and Zambia). Assistance in public procurement capacity development was also provided to Brazil, Namibia, Uganda and Viet Nam. As a result of these experiences, ITC foresees a substantial expansion and broadening of its work in public-sector procurement over the coming years, particularly as governments increasingly seek to improve procurement efficiency and transparency as an important means of achieving better governance.

In Tunisia, a national purchasing association (ATUGA) was created in 1993 with the help of ITC. Subsequently, ATUGA selected a core of Tunisian practitioners to become future trainers covering all aspects of IPSM. In 1996, they received interactive pedagogical training and relevant materials from ITC and were brought up to date on new approaches to IPSM strategy and techniques; this was financed by the Association itself. Today, ATUGA has over 100 members and it regularly sells its services to the Government and to external cooperation agencies, relying mostly on its core of trainers/practitioners. ATUGA has now become fully self-sustainable and is working with ITC to assist other developing countries to launch their own PSMAs.

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85. As described above, in 1996 ITC's IPSM core service concentrated on searching for ways to optimize the effectiveness of its efforts to develop sustainable national capacities for the provision of IPSM-related training, consultancy and information services. The management tools, learning programmes, information resources and institutional approaches referred to above aim to develop high-quality "products" and services that can support this orientation. Over the coming years, the IPSM core service will focus on the continued development and testing of such "products" and services, on their adaptation to local conditions and requirements, and on ensuring their effective utilization in partner countries.

Research and analysis

86. Research work was carried out to support the activities of other ITC services. For instance, indicators on the "Opportunities and Challenges of the New Multilateral Trading System" were prepared in support of ITC's *Business Guide* seminars for over 50 countries. Four studies looked into the intraregional trade potential in Central America, between the Southern African Development Community (SADC) and the Southern African Customs Union, among member countries of the Organization of African Unity (OAU), and between southern China and Indochina. In Slovenia, a supply and demand survey on trade information was undertaken with the use of the newly developed methodology for Business Information Reviews.

87. The database ChinaTraders was further refined in cooperation with China's Customs General Administration. The database contains China's complete foreign trade data at the enterprise level and allows the identification of trading partners on the basis of 20 million export and import declarations.

88. "In what export products does my country have a comparative advantage?" "Which new markets are of particular interest for my country, my industry or my enterprise?" Providing answers to these questions from the perspective of developing countries was another preoccupation of ITC's applied research work in 1996. For this purpose, it issued twin papers on "International demand and national export performance - An assessment of the leading export products of 184 developing countries, economies in transition and developed market economies" and "Prospects for market diversification for developing countries and economies in transition".

89. A growing share of ITC's research and analysis activities is financed directly by beneficiaries. Thanks to the establishment of a revolving fund on trade flow analysis, supported by GTF Window I financing, income generated from the preparation of trade and marketing indicators can be used to subsidize services for LDCs and other recipients which are not in a position to mobilize their own funding.

TECHNICAL COOPERATION BY REGION

90. In all geographical areas, ITC support combined country-specific applications of headquarters-based programmes and tailor-made projects designed to meet the specific additional needs and priorities of a country or region. The three programmes financed from the GTF's Window II, particularly the round tables organized in conjunction with the Uruguay Round dissemination seminars, have identified priorities for follow-up at the national level. In addition, several needs assessment and programme design missions were undertaken with financing from the GTF's Window I as well as from special resources allocated for that purpose by UNDP.

91. ITC's support was increasingly provided within the framework of new programming processes, including participating in the preparation of country strategy notes, using the programme approach to contribute to national programmes, and providing specialized inputs to nationally executed programmes and projects. As regards UNDP-financed support, ITC endeavoured to include the trade promotion dimension

in multidisciplinary programmes addressing upstream issues related to UNDP's priority for sustainable human development. Considerable efforts were made to meet other country-specific needs falling directly under ITC's mandate. To this effect, ITC pursued its resource mobilization activities among traditional and non-traditional donors.

92. The next sections of this report provide an overview of ITC activities in each region. More detailed information on specific projects are contained in attachment 3 – *Summary: technical cooperation projects operational in 1996*.

Africa south of the Sahara

Trends and issues

93. Africa's participation in the world economy at present is less significant than at any time since the Second World War. In 1995 its total exports amounted to about 1.5% of world exports, and foreign direct investment made up a little over 2% of the FDI flows into developing countries.

94. The WTO Agreement has introduced an additional element into the African foreign trade situation. Many African countries have been analysing the scope and potential impact of the Agreement. Several have responded to its challenges by formulating strategies and programmes at the national, sectoral and enterprise levels. While the Agreement itself does not provide any particular direction for strategy formulation, it does give the necessary framework of predictable parameters within which strategies can be developed.

95. Considering the above framework, ITC's strategic orientations for the region focused on three main areas. These are the importance of African market integration for the economic development of the region as a whole; the role of the private sector and of business organizations in fostering African market integration and the promotion of intra-African trade development; and the implications of the WTO Agreement for national decision-makers and business people in relation to economic and trade planning.

96. As a consequence, ITC concentrated its assistance on: the expansion of intra-African trade; building up synergy between the business and the government sector; assisting SMEs; supporting existing economic integration schemes (for instance, COMESA, SADC, the Economic Community of West African States or ECOWAS, and the Union économique et monétaire ouest-africaine); and explaining the business implications of the Uruguay Round agreements.

97. ITC contributed to the preparation of UNDP's Fifth Country Programme for Africa (1997-2000), a programme which is in line with the United Nations System Special Initiative on Africa (SIA). In this connection, ITC focused on the formulation of the programme on market access and trade opportunities, concentrating in particular on capacity building for development management, private-sector development, and trade and economic integration.

Selected highlights

98. The desirability of bringing about Africa's economic integration has long been recognized. What is new is the increasingly active role the private sector is playing in the process. ITC fully supports this endeavour at both subregional and regional levels. New elements were introduced into ITC's integrated cooperation programme with COMESA in 1996 to provide direct support to selected enterprises in taking maximum advantage of subregional market opportunities. The ITC/COMESA programme also started a series of workshops on a country-by-country basis entitled "Doing Business in COMESA". Nearly 350 entrepreneurs attended the workshops in 1996. A special training pack was developed for the use of chambers of commerce; it targeted the economic operators of the subregion.

99. Within its programme on the follow-up to the Uruguay Round, ITC held over 15 national *Business Guide* seminars and participated in regional dissemination events with WTO. In addition, it organized 11 technical workshops on specific Uruguay Round agreements. ITC undertook fact-finding and needs analysis and project formulation missions to Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and the United Republic of Tanzania under the joint ITC/UNCTAD/WTO integrated technical assistance programme in selected least developed and other African countries. The findings and recommendations of the missions will provide the basis for the formulation of national projects to be implemented jointly with UNCTAD and WTO.

100. Under a project funded by the European Union, ITC finalized the design of a trade opportunities management software for the ECOWAS Secretariat. A computerized system will be installed in ECOWAS member countries in 1997. The system will provide trade and market information as well as business intelligence.

101. ITC collaborated with the OAU Secretariat by providing technical advisory services in relation to the planning for the 7th All Africa Fair, which is scheduled to take place in Nigeria in 1997. ITC also cooperated in regard to market studies intended to generate

information on trade and business opportunities. The information will be used initially as an input to an OAU publicity campaign.

102. ITC's technical cooperation in the region was channelled through 11 national projects [in Botswana, Eritrea, Ethiopia, Malawi, Nigeria (2 projects), Sierra Leone, Sudan, Togo, Uganda and the United Republic of Tanzania] and 6 regional projects.

Arab region

Trends and issues

103. Since the beginning of the 1990s, a significant number of Arab countries have implemented structural adjustment programmes to redress imbalances and correct inefficiencies in their economies. These programmes sought greater reliance on market forces for resource allocation, an increased role for the private sector, and the reorientation of the economy towards export. The success of these efforts in many Arab countries has been reflected in a more dynamic private sector and a larger export capacity.

104. The conclusion of the Uruguay Round has ushered in a freer trade environment with increased market access for certain products of export interest to countries in the Arab region. The liberalization of foreign trade regimes resulting from regional and subregional economic groupings and from structural adjustment programmes undertaken by individual countries are creating increased South/South trade opportunities. The Gulf Cooperation Council (GCC) and the Arab Maghreb Union (AMU), as well as a number of pan-Arab institutions such as the Arab Monetary Fund (AMF) and the Arab Trade Financing Programme (ATFP) all have played a major role in the movement towards economic integration.

105. The major element of ITC's work in the region continued to be the promotion of intra-Arab trade.

Selected highlights

106. In order to translate potential into actual trade, efficient trade support services are essential, particularly trade financing and trade information services. A considerable part of ITC's activities in these areas were carried out with pan-Arab organizations such as ATFP. ITC has an ongoing programme with ATFP on intra-Arab trade expansion. It has four components: the establishment of an intra-Arab Trade Information Network (IATIN – Phase III); trade promotion (buyer-seller meetings); export financing; and HRD in foreign trade management.

107. Dissemination seminars on the *Business Guide to the Uruguay Round* were organized in Jordan, the Syrian Arab Republic and Yemen in 1996. Similar events will be organized in 1997 in other Arab countries, together with technical workshops on the implications of the WTO agreements on the technical barriers to trade, sanitary and phytosanitary measures, textiles and clothing and others. These activities should lead to follow-up technical cooperation activities at the country level.

108. ITC participated in the international symposium on "The World Economic System and Arab Development: Status and Future Prospects", held in Tripoli in May. The event focused on broad issues such as the world economic set-up, the international trading system and the performance of the Arab region.

109. At the national level, projects were implemented in Kuwait, Lebanon, the Occupied Palestinian Territory, the Sudan, the Syrian Arab Republic and the United Arab Emirates.

110. In implementing technical cooperation projects, ITC continued to make maximum use of national consultants in project activities. The training of national counterpart personnel will remain a major element of any programme in the Arab States. The translation into Arabic of specialized reports, training material, etc., is a significant feature of ITC's strategy in the region.

Asia and the Pacific

Trends and issues

111. Complementing changes in the global trading environment in the aftermath of the Uruguay Round, regionalism has been progressing steadily. Economic cooperation among Asian countries continued therefore to gain momentum. Arrangements include formal regional trade groupings such as the Association of South-East Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC). There are less formal but innovative arrangements at the subregional level, including growth triangles or subregional economic zones. Finally, there are broader schemes and visions, such as Asia-Pacific Economic Cooperation (APEC) forum which encompasses countries outside the region. An important feature of these cooperation arrangements is that they are designed to be trade-creating rather than trade-diverting, and some countries have continued to make unilateral reductions in tariffs and other barriers to trade. The expansion of regional cooperation has thus been pursued in the context of a broader policy of openness to the world, and in support of multilateral trading arrangements and globalization.

112. Economic and technical cooperation among countries, governments and institutions in the region is now focused on attaining sustainable growth and equitable development, and on reducing disparities among developing countries. The development of the Asian economies has been largely attributed to the dynamism of the export and trade sector, supported by increased investments from outside and from within the region. A major factor in this regard is the constructive and genuine partnership between governments and the private/business sector.

113. In 1996, ITC focused, on the one hand, on institutional development and capacity building for trade promotion, including HRD. On the other hand, it concentrated on export product and market development, trade support services, trade information, and international purchasing and supply management for the export sector, particularly SMEs. The projects being executed by ITC have been designed in response to the needs and priorities of recipient countries and counterpart institutions. Throughout 1996, ITC continued to develop innovative partnerships with counterpart institutions, at both government and private-sector levels, including trade development organizations whose services and facilities have an impact on export enterprises.

Selected highlights

114. Direct support to export-oriented enterprises in product and market development was the main component of ITC national projects in Bangladesh and Sri Lanka. A large number of consultancy missions were carried out by product specialists to advise these enterprises and provide on-the-job training. Many enterprises were also given the opportunity to participate in study tours and marketing missions organized under these projects. In Bangladesh, non-traditional products such as jewellery, stuffed toys, flowers and handicrafts were selected for export development with a view to export diversification. Priority was given to the development of garments, sports footwear, hand-loom products, computer services, ceramics and rubber products in Sri Lanka. New potential markets were surveyed and visited by selected exporters from both countries.

115. The need for technical cooperation in two less developed provinces of China was assessed and two projects were formulated. In spite of substantial efforts to mobilize resources beyond those contributed by China, the funds needed had not been obtained as of year end. A symposium on the development of the Mekong area was organized in collaboration with the Chinese authorities as part of an ongoing project.

116. ITC monitored the programming processes at both the national and the regional level. Thus consultations were held with Resident Coordinators of the United Nations in a number of countries in the region. Cooperation continued in the design and implementation of programmes and projects with ESCAP and with regional and subregional institutions such as APEC, SAARC, the South Pacific Forum and the Association of Development Finance Institutions in Asia and the Pacific.

117. ITC undertook needs assessment and project design missions and institutional strengthening consultancies and consultations in Bangladesh, Bhutan, China, Fiji, India, Indonesia, the Islamic Republic of Iran, Maldives, Malaysia, Nepal, Pakistan, Papua New Guinea, the Philippines and Sri Lanka. Their aim was to formulate projects with a strong focus on the follow-up to the Uruguay Round agreements, and the development of the private sector in general and SMEs in particular.

118. To summarize, in 1996 ITC implemented projects in Bangladesh, China, India, the Democratic People's Republic of Korea, the Islamic Republic of Iran, Malaysia, Papua New Guinea and Sri Lanka. In addition, regional projects were carried out to develop strategies for regional economic integration; to expand exports by SMEs; to improve import management in the Pacific; and to develop the export trade and business networking among APEC member countries.

Central and Eastern European countries and the Commonwealth of Independent States (CIS)

Trends and issues

119. The break-up of the former Soviet Union seriously affected trade and cooperation between the new States, disrupted many traditional trading channels and industrial linkages, and led to a sharp decline in production and employment. Payment and financing mechanisms ceased to correspond to the new requirements and trade barriers were erected.

120. Within the current efforts of governments to raise economic efficiency as a key to resolving the economic difficulties arising from structural adjustment processes, trade development is considered an important tool. Furthermore, it has a positive impact on employment creation and social progress.

121. In planning and implementing technical cooperation projects in this region, ITC followed two different approaches. For the Central and Eastern European countries and the Russian Federation, ITC's cooperation was predominantly selective, focusing on

three or four major themes such as assistance at the enterprise level in product and market development for export, trade information, trade financing, and public procurement with emphasis on HRD. For CIS countries other than the Russian Federation – where constraints to trade expansion are heavier and more numerous as a result of the absence of foreign trade strategies and of proper institutional infrastructures, a lack of suitable banking sectors and of capital markets – ITC's assistance took the form of broad integrated programmes and projects designed to meet a wide range of needs.

122. In all these countries, the export trade remains the most dynamic engine of economic growth, and countries which have achieved positive growth rates have done so on the back of a strong and continuing surge in exports. In such countries, as in Poland for instance, even though part of the existing production capacity may be unusable, export growth is built predominantly on efforts to use existing capacity more efficiently by strengthening export marketing capabilities and improving product development and adaptation.

123. In addition to increased access to international markets, opportunities also exist for expanding trade and business cooperation among the countries of the region. Here, the strengthening of regional cooperation among enterprises through comprehensive technical cooperation projects and the supply of precise and up-to-date business information are of particular importance.

Selected highlights

124. Under one project, ITC provided support to enterprises in Poland through consultancy activities in product and market development, formal training and on-the-job training. The target markets for the Polish enterprises were the Scandinavian countries, Germany and Switzerland. In 1995-1996, eight products were adapted to market requirements, four new products were developed and three licensing agreements were concluded to upgrade technology and manufacturing processes. According to the documented claims of the cooperating enterprises, the project generated US$ 6.4 million in additional export sales. The participating enterprises spent US$ 2 million in equipment and licensing fees to upgrade product quality and production technology. The total technical cooperation budget for this activity was US$ 260,000 over two years.

125. In Belarus, ITC supported a major producer of oscilloscopes, portable precision instruments and voltmeters through advice on product design and export marketing techniques. The enterprise is now in a position to sell its products to identified customers in the European Union. Taking advantage of this experience, a similar PMD project for another major Belarus enterprise was initiated in 1996.

126. To counter the disruption of the traditional commercial links in the region, a regional project for the establishment of an Intra-CIS and Baltic States Trade Information Network (ICTIN) was initiated. The ultimate aim of the project is to increase trade among these States through the supply of up-to-date business information. As part of the project, a prefeasibility study on the establishment of such a network was carried out in 1996 in Belarus, Latvia, Kazakstan, Kyrgyzstan, Moldova, the Russian Federation, Ukraine and Uzbekistan.

127. At the end of 1996, ITC had 13 operational projects in the region and 15 projects under consideration by donor countries and UNDP.

Latin America and the Caribbean

Trends and Issues

128. The economies of the countries in the region have generally undergone profound changes since the late 1980s – structural adjustment, trade liberalization, and privatization to name a few – resulting from policy measures aimed at creating an environment enabling competitive businesses to exploit a globalized world economy. Specifically, measures taken by several governments have reduced the high level of inflation which had characterized most of the economies of the region and reduced government deficits. They have also significantly lowered tariff and non-tariff barriers to international trade, mainly as a result of commitments made to the WTO. The emphasis has been on strengthening regional trade schemes, which are perceived as building blocks for, rather than as obstacles to, globalization. To help sustain these trends, strong support for the continued expansion and diversification of exports with higher value-added will be needed.

129. Three dynamic elements support the region's positive economic evolution. The first is the key role played by the business sector (enterprises, chambers of commerce and other business associations). The second comprises the region's ongoing integration schemes [the Asociación Latinoamericana de Integración (ALADI), the Southern Common Market (MERCOSUR), the Andean Group, the Central American Common Market (CACM), the Caribbean Community, and the Group of Three (a South American regional grouping aiming at the establishment of a South American Free Trade Area)]. The third is trade and market diversification towards the European

Union and Australasia. Chile's main trading partners are now in Asia. Colombia and Peru are soon expected to become APEC members.

130. Despite this generally positive trade situation, there remain a number of constraints which need to be overcome, particularly by SMEs. This is specially important in the insular countries of the Caribbean, the low-income countries of Central and South America and in several economically depressed regions within certain South American countries. To address these constraints effectively, systematic support for the provision of market information, trade-related training and support services are required.

Selected highlights

131. ITC's technical cooperation focused on the launching of two related projects in Central America. One is a regional project on trade expansion among CACM countries. Initiated in 1996, it has two principal counterparts: the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and the Federation of Exporters, Chambers and Associations of Central America and the Caribbean (FECAEXCA). A general appraisal of the intraregional trade situation was carried out and a comprehensive programme proposal was formulated. The programme, which will focus particular attention on SMEs, comprises three modules covering issues of product and market development, trade information and HRD. A trade training project for Costa Rica and Guatemala was formulated and launched. The two projects are being funded by two trust fund donors.

132. Under the ongoing national project with Brazil on a trade efficiency promotion centre, a master plan for the future implementation of the project was discussed and agreed. Market studies on a range of products were carried out under the national project with Chile.

133. Several programming missions were undertaken in 1996. One resulted in a proposal for Jamaica on capacity enhancement for the management of the external trade sector and export development. It covers assistance on the Uruguay Round agreements, HRD for SMEs, PMD for selected sectors, and the establishment of a Trade Point with UNCTAD. A programming mission to Peru's newly created trade promotion organization (PROMPEX) resulted in the formulation of a strategic trade promotion plan for selected areas and products.

134. A programming mission to Cuba was undertaken at the request of the Ministry of External Trade and the Centre for Export Promotion. It assessed the progress of the export sector within the Government's commercial policy framework. The mission resulted in a project proposal to assist export-oriented enterprises dealing with agro-based manufactured products and services.

135. It should be mentioned that the missions to Cuba and Peru were ITC's response to some of the requests received during the World Conference of Trade Promotion Organizations organized by PROEXPORT in Cartagena. ITC participated in the conference.

ISSUES OF COMMON CONCERN

136. According to their nature, issues of common concern permeate all ITC programmes and projects. Special consideration is given to their integration during the entire process of programme/project design, and particularly within the context of the ITC Project Appraisal and Clearance Committee. Some highlights of individual issues are described below.

Environmental considerations

137. Further to the endorsement by the 1995 JAG of the ITC approach to environmental considerations, a document entitled "Trade and Environment – The Role of ITC" was issued in December 1995. This document was made available to the WTO Committee on Trade and Environment (CTE), in which ITC has been granted the status of a permanent observer. In its report to the WTO Singapore Ministerial Meeting, CTE called on ITC to continue its work on market access for environmentally friendly products, technologies and services as well as on issues related to eco-labelling, eco-packaging and other trade-related environmental measures. The Ministerial Meeting endorsed this report.

138. ITC was represented at the UNEP/UNCTAD High-level Ministerial Meeting on Environment, Trade and Sustainable Development in Geneva. The meeting emphasized the importance of close cooperation among the United Nations Commission on Sustainable Development (CSD), the United Nations Environmental Programme (UNEP), UNCTAD, WTO and ITC.

139. Environmental considerations are permanently reviewed by the ITC Interdivisional Working Group, which has been established to formulate proposals for ITC's future work. In doing so, it seeks to ensure complementarity with work carried out by other organizations.

Entrepreneurship development

140. The export entrepreneur continued to be the focus of ITC activities in 1996. Efforts were directed to developing the skills of existing or potential exporters in ITC's partner countries. Such skills should enable these exporters to identify and assess export possibilities, convert them into business opportunities, analyse competitive challenges, design export strategies, prepare marketing plans and mobilize technical and financial resources, and thus to operate efficiently in the international market and achieve business goals. Efforts were also directed towards more effective delivery of trade and business information, and strengthened services from support institutions.

141. To achieve this objective, ITC has increased internal and external synergies. Internally, a multidisciplinary effort has been launched by integrating several core services to focus closely on the need for entrepreneurial development and by establishing technical links between different programmes and initiatives. These synergies are reflected in the enterprise-level learning and diagnostic tools and practical guides developed under ICPS; the Competitiveness Curriculum and the Trade Tutor Team-Building initiative under the new HRD strategy; the enterprise-oriented approach of work related to product and market development; and the expanded trade information networks. Externally, ITC continued to explore collaborative programmes with UNCTAD and ILO by contributing technical inputs bearing on export operations. Closer partnerships were forged with national organizations operating in this field.

Advancement of women

142. In 1996, the ITC gender in trade development programme contributed to the United Nations System-wide Medium-Term Plan (1996-2001) for the advancement of women. Technical cooperation activities under the above plan included a programme to assess the changing technical needs of African women in business and to formulate proposals for follow-up in the context of the new international trade environment; two sectoral projects within the programme for trade-related entrepreneurship assistance for women in India, and the women-in-trade development project in Nigeria.

143. Proposals and other inputs were provided for the preparation of both mainstream and women-specific projects and programme components in Eritrea, Palestine and the United Republic of Tanzania. Work started on a publication on women, entrepreneurship and trade.

Poverty alleviation

144. Work continued on refocusing the ITC strategy for poverty alleviation and on increasing interdivisional collaboration to maximize synergies. This work has led to the elaboration of a draft methodology for carrying out feasibility studies of employment-generating projects for specific poor communities. The draft strategy paper will be discussed at an in-house seminar to ensure the involvement of all staff.

145. ITC carried out a mission to Sierra Leone at the invitation of UNDP as part of international efforts to help the Government in dealing with the severe poverty that has resulted from civil war. These efforts are being made within the framework of the UNDP Programme Support Document on Poverty Alleviation and the follow-up Programme Support Implementation Arrangement involving other United Nations agencies.

Economic and technical cooperation among developing countries

146. Trade is an important catalyst for economic and technical cooperation among developing countries. Expanded South-South trade flows induce the creation of operational networks at institutional and enterprise levels and thus enhance the transfer of technology and know-how between partners. ITC contributes to this cooperation in three main areas: the identification of trading opportunities, particularly at subregional and regional levels; assistance to economic operators to enable them to take advantage of these opportunities; and support to the improvement of the trade promotion infrastructure such as trade information systems and networks.

147. In Latin America, ITC conducted in-depth research into trade expansion opportunities for CACM countries and assisted in implementing strategies to strengthen trade relations in the region.

148. ITC is cooperating with the Arab Trade Financing Programme in the development of the Intra-Arab Trade Information Network and in the promotion of business contacts. The latter is being carried out through the conduct of supply and demand surveys, buyer-seller meetings and related HRD support.

149. In Asia, ITC identified the need for institutional networking for economic cooperation among SAARC member countries and formulated a technical assistance project for this purpose.

In cooperation with the China International Centre for Economic and Technical Exchanges (CICETE), ITC is implementing a technical cooperation project funded by UNDP on the "Stimulation of Growth and Employment in the South-west and North-west Provinces and Autonomous Regions through the Promotion of Economic Cooperation with Adjacent Countries in the Subregion." The project aims at facilitating the process of economic cooperation between China and its neighbouring countries through the promotion of trade and investment. It works with government agencies, provincial authorities, and business enterprises.

150. In Africa, in addition to ongoing activities for the promotion of economic cooperation at the pan-African, regional and subregional levels (in particular with COMESA), ITC carried out research on trading opportunities in Southern Africa. On the basis of its findings, it organized a successful buyer-seller meeting for a promising product sector. ITC was also associated in the formulation of initiatives to promote trade and investment between the African and Asian regions.

151. In the Commonwealth of Independent States, ITC undertook preparatory work for the establishment of a regional network for the exchange of information on business opportunities and other information required to expand intra-CIS exports.

RELATIONS WITH PARENT BODIES AND OTHER INTERNATIONAL ORGANIZATIONS

Cooperation with parent bodies

152. ITC continued to receive guidance policy from its parent bodies through the ITC/UNCTAD/WTO Liaison Officers' Meetings. Discussions with UNCTAD and WTO on intensified technical cooperation, coordination and complementarity were pursued at all levels. A senior ITC delegation participated in UNCTAD IX.

153. The ITC Executive Director attended the WTO Ministerial Conference in Singapore in December. During that conference, it was agreed that WTO would organize a meeting with UNCTAD and ITC in early 1997, with the participation of aid agencies, multilateral financial institutions and LDCs to foster an integrated approach to assisting LDCs in enhancing their trading opportunities.

154. A framework agreement was concluded by ITC, UNCTAD and WTO to promote complementarity and to avoid duplication of technical assistance activities in Africa. The agreement, entitled "Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries," was reached after the visit in January to Africa of the WTO Director-General and the ITC Executive Director.

155. As described elsewhere in this report, follow-up activities to the Uruguay Round have given the staff of the three organizations effective opportunities for collaboration in carrying out dissemination and information seminars, undertaking fact-finding and programming missions and in the provision of direct advisory services. A reflection of this cooperation was selective financing of ITC fact-finding under a WTO-administered grant and the WTO Secretariat's participation in ITC *Business Guide* seminars under ITC's Global Trust Fund.

156. Regular consultations were held with UNCTAD (as well as with UN-ECE and the United Nations Trade Point Development Centre) within the framework of the Special Programme on Trade Efficiency. Joint projects were designed to support Trade Points in their efforts to develop business information services and to exchange data on trade opportunities. Similar consultations took place in the planning and implementation of TRAINFORTRADE activities. Preliminary contacts have been made to harmonize the efforts of both organizations on enterprise development.

Cooperation with other organizations in the United Nations system

157. Dialogue with *UNDP* continued at the national level for the development and implementation of country programmes and with UNDP headquarters on policy matters. ITC participated in inter-agency consultations on the new UNDP programming and support cost arrangements. It played an active role in the working group set up by small United Nations agencies to review the implications of the new arrangements. A common concern of these agencies, which have no field representation, is that their contribution to UNDP-funded programmes may continue to decline.

158. Frequent contacts were maintained at the operational level with the *United Nations Industrial Development Organization (UNIDO)*. ITC provided substantive inputs for workshops and seminars. It participated in consultations on the product and market development of specific products (timber and timber products, handicrafts, textiles and clothing), on quality management and on HRD.

159. ITC continued to work with *FAO* in forums such as the FAO Intergovernmental Group on Tea, the Intergovernmental Group on Citrus Fruit, the